

Message Text

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FOR GILPATRICK, DEPUTY DIRECTOR, EXPORT INFORMATION DIV/BED

E.O. 11652: N/A
TAGS: BDIS, SY
SUBJ: GENERAL ENGINES V. MINISTRY OF COMMUNICATIONS (A.K.A.
CONTINUING PERILS OF PENNSYLVANIA MINING CO.)

REF: USDOC 3563

1. EMBOFFS CALLED UPON HUMEIDAN MARCH 4 TO DISCUSS
LATEST DEVELOPMENT IN CASE. AS PER PARA 4 REFTTEL,
WE URGED MINISTRY TO APPOINT A REPRESENTATIVE IN US
QUALIFIED TO NEGOTIATE PROBLEM WITH MCELROY AND FLOWERS
(GENERAL ENGINES). WE ALSO URGED MINISTRY TO RETAIN COUNSEL IN
SUIT BROUGHT BY GENERAL ENGINES. HUMEIDAN UNFAMILIAR WITH
US COURT PROCEDURES (SYRIAN SYSTEM BASICALLY FRENCH)
AND THOUGH MINISTRY COULD PRESENT ITS CASE BY SUBMITTING
DOCUMENTS TO THE COURT. AFTER TWO NON-LAWYER EMBOFFS BRIEFED
HIM ON ADVERSARY NATURE OF US PROCEDURE, HUMEIDAN PROMISED
TO TAKE UP MATTER WITH MINISTER. WE WILL FOLLOW UP AND
REPORT MINISTER'S RESPONSE.

2. FYI. CHALLAH, PRESIDENT OF CAMASCUS CHAMBER OF COMMERCE,
WAS IN NO WAY THE "SARG EMISSARY" (PARA 2 REFTTEL)
DURING HIS RECENT VISIT TO US. HUEIDAN DENIED MOC SENT
AND "EMISSARY" TO US TO NEGOTIATE IN CASE, CHALLAH, HIM-
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SELF WHEN ECONOFF ASKED ABOUT MATTER STATED HE HAD NO
IDEA WHAT WE WERE TALKING ABOUT.

3. NINISTRY HAS PROVIDED EMBASSY WITH DETAILED MEMORANDUM
OF ITS POSITION IN THIS DISPUT. MINISTRY POSITION CAN
BE SUMMARIZED AS FOLLOWS: MCELROY CONTRACTED TO DELIVER
CERTAIN GOODS. HE HAS COLLECTED L/C FOR \$ 1,3 MILLION

DESPITE MOC INSTRUCTION TO MORGAN GUARANTY NOT TO PAY - BUT HAS DELIVERED ONLY PORTION OF GOODS WHOSE VALUE IS LESS THAN AMOUNT PAID. MOC HAD NO CONTRACTUAL RELATIONSHIP WITH GENERAL ENGINES. THIS STATMENT WAS SENT OVER THE SIGNATURE OF THE MINISTER TO GENERAL ENGINES' LAWYERS, AND IS MUCH MORE DETAILED THAN THE JAN 26, 1977 STATMENT SENT TO US-ARAB CHAMBER OF COMMERCE IN NEW YORK (PARA 2 REFTEL). WE ARE POUCHING GILPATRICK A COPY OF THIS MEMORANDUM.

4. EMBASSY HAS COPIES OF NUMEROUS DOCUMENTS, SUPPLIED TO US BY MINISTRY, RELATIVE TO THE CASE, INCLUDING ORIGINAL CONTRACT (AND ANNEX) BETWEEN MCELROY AND MINISTRY, BILLS OF LADING AND DOCK RECEIPTS, MINISTRY I/C WITH MORGAN GUARANTY IN FAVOR OF MCELROY, AND CONTRACT BOND OF GENERAL ENGINES IN FAVOR OF MCELROY. PLEASE ADVISE IF USDOC NEEDS ANY OF THESE DOCUMENTS.
MURPHY

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